1934

EIGHTY-FIRST

ANNUAL REPORT

OF THE

BOARD OF DIRECTORS

OF THE

CHICAGO, BURLINGTON & QUINCY
RAILROAD COMPANY

TO THE

STOCKHOLDERS

FOR THE YEAR ENDED DECEMBER 31, 1934

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THE CLEVELAND PUBLIC LIBRARY

CHICAGO, BURLINGTON & QUINCY RAILROAD COMPANY

DIRECTORS

HINCKLEY G. ATWOOD.....Chicago
LAIRD BELL.....Chicago
STEPHEN BIRCH.....New York
RALPH BUDD.....Chicago
CHARLES DONNELLY.....St. Paul
CHARLES F. GLORE.....Chicago
ARTHUR CURTISS JAMES.New York
CHARLES O. JENKS.....St. Paul
GRENVILLE KANE.....New York
FRANK B. KELLOGG.....St. Paul
WILLIAM P. KENNEY.....St. Paul
BRUCE SCOTT.....Chicago
GEORGE T. SLADE.....New York
R. DOUGLAS STUART.....Chicago
CHARLES I. STURGIS.....Chicago
WALLACE C. WINTER.....Chicago
ROBERT E. WOOD.....Chicago

EXECUTIVE COMMITTEE

RALPH BUDD.....Chairman

STEPHEN BIRCH	GRENVILLE KANE
CHARLES DONNELLY	WILLIAM P. KENNEY
ARTHUR CURTISS JAMES	BRUCE SCOTT

OFFICERS

RALPH BUDD.....*President and Chairman of Executive Committee, Chicago*
EDWARD FLYNN.....*Executive Vice-President, Chicago*
HORACE H. HOLCOMB.....*Vice-President, Chicago*
BRUCE SCOTT.....*Vice-President and General Counsel, Chicago*
CHARLES I. STURGIS.....*Vice-President, Secretary and Treasurer, Chicago*
THOMAS J. THOMAS.....*Assistant to President, Chicago*
ANDREW T. WILLIAMS.....*Assistant Secretary and Assistant Treasurer, Chicago*
EDITH JARVIS ALDEN.....*Assistant Secretary and Transfer Agent, Chicago*
BERT VICKERY.....*Assistant Treasurer, Omaha*
EDWARD M. SHELTON.....*Assistant General Counsel, Chicago*
JAMES CHARLES JAMES.....*General Solicitor, Chicago*
HERBERT W. JOHNSON.....*Comptroller, Chicago*
HARRY D. FOSTER.....*General Auditor, Chicago*
ALBERT W. NEWTON.....*Chief Engineer, Chicago*
WILLIAM W. HENDERSON...*Transfer Agent, Chicago*

NICHOLAS TERHUNE.....
NICHOLAS STOCKHAMMER } *Fiscal Agents, 2 Wall Street, New York*

EUGENE A. BERNHOLZ....
WILLIAM H. VANDERCAR. } *Transfer Agents, 2 Wall Street, New York*

STATE STREET TRUST COMPANY ..... } *Fiscal Agent and Transfer Agent, State and Congress Sts., Boston*

The above were Directors and Officers as of April 30, 1935.

Chicago, January 2, 1935

TO THE STOCKHOLDERS OF THE CHICAGO, BURLINGTON & QUINCY RAILROAD COMPANY:

The following is the report of your Board of Directors for the year ended December 31, 1934:

COMPARATIVE STATEMENT OF INCOME, YEARS ENDED DECEMBER 31

Percent of Ry. Oper. Revenue	1934	RAILWAY OPERATING REVENUES	1933	Percent of Ry. Oper. Revenue
80.73	$ 64,815,017.90	Freight	$ 63,319,233.88	80.67
8.41	6,749,237.57	Passenger	6,722,103.79	8.56
4.59	3,685,394.37	Mail	3,903,932.03	4.97
2.00	1,603,841.09	Express	1,311,050.69	1.67
2.31	1,857,108.33	All other transportation	1,786,599.27	2.28
1.41	1,133,133.87	Incidental	1,027,115.00	1.31
.55	444,425.98	Joint facility	426,940.55	.54
100.00	$ 80,288,159.11	Total railway operating revenues	$ 78,496,975.21	100.00
		RAILWAY OPERATING EXPENSES		
12.28	$ 9,860,326.88	Maintenance of way and structures	$ 8,561,684.23	10.91
15.48	12,431,389.18	Maintenance of equipment	12,140,499.71	15.46
3.15	2,527,662.59	Traffic	2,450,819.64	3.12
35.58	28,564,565.45	Transportation	27,374,245.07	34.87
.92	741,533.97	Miscellaneous operations	641,122.00	.82
5.09	4,082,234.25	General	3,390,388.20	4.32
Cr. .25	Cr. 199,729.73	Transportation for Investment—Credit	Cr. 197,159.95	Cr. .25
72.25	$ 58,007,982.59	Total railway operating expenses	$ 54,361,598.90	69.25
27.75	$ 22,280,176.52	Net revenue from railway operations	$ 24,135,376.31	30.75
	$ 5,783,596.67	Railway tax accruals	$ 6,918,696.77	
	25,123.45	Uncollectible railway revenues	20,454.92	
	$ 16,471,456.40	Railway operating income	$ 17,196,224.62	
	Dr.1,679,712.04	Hire of equipment—Net	Dr.1,375,888.08	
	Dr.2,140,808.00	Joint facility rents—Net	Dr.2,329,111.23	
	$ 12,650,936.36	Net railway operating income	$ 13,491,225.31	
		OTHER NON-OPERATING INCOME		
	$ 714,946.38	Miscellaneous rent income	$ 745,117.04	
	537,344.43	Dividends and miscellaneous interest	802,424.58	
	1,877.30	Miscellaneous income	14,287.41	
	$ 1,254,168.11	Total other non-operating income	$ 1,561,829.03	
	$ 13,905,104.47	Gross income	$ 15,053,054.34	
		OTHER DEDUCTIONS FROM GROSS INCOME		
	$ 169,871.24	Miscellaneous rents	$ 175,873.08	
	9,084,635.00	Interest on funded debt	9,084,635.00	
	34,273.82	Interest on unfunded debt	32,354.76	
	145,271.04	Amortization of discount on funded debt	145,271.04	
	16,293.20	Miscellaneous Income charges	16,896.85	
	$ 9,450,344.30	Total other deductions from gross income	$ 9,455,030.73	
	$ 4,454,760.17	Net income	$ 5,598,023.61	
		DISPOSITION OF NET INCOME		
	$ 4,454,760.17	Income balance transferred to profit & loss	$ 5,598,023.61	

OPERATING REVENUES:

Total Operating Revenues for 1934	$80,288,159	
Total Operating Revenues for 1933	78,496,975	
Increase	$ 1,791,184	2.28%

The increase was arrived at as follows:

Freight	Increased	$ 1,495,784	2.36%
Passenger	Increased	27,134	.40%
Mail	Decreased	218,538	5.60%
Express	Increased	292,790	22.33%
Other transportation revenue	Increased	70,509	3.95%
Demurrage	Increased	14,019	19.43%
Other incidental operating revenues	Increased	109,486	7.92%
Total increase		$ 1,791,184	2.28%

A comparison of carloads shows:

Total cars (all commodities) in 1934	858,977	
Total cars (all commodities) in 1933	790,498	
Increase in 1934	68,479	8.66%
Total cars (all commodities) 10-year average	1,186,044	

Comparison by classes of commodities 1934 with 1933:

Tons carried in 1934	25,126,645	
Tons carried in 1933	23,944,824	
Increase in 1934	1,181,821	4.94%
Tons carried, 10-year average	36,803,944	

	Revenue	Increase	Tons	Increase
Products of Agriculture	$12,476,781	$1,609,597*	5,237,944	857,212*
Animals and Products	11,644,147	1,771,149	2,075,517	308,130
Products of Mines	12,553,504	502,370	9,811,332	870,307
Products of Forests	2,987,252	324,855	1,070,724	148,211
Manufactures and Miscellaneous	23,284,431	1,638,003	6,442,189	722,531
Less Carload Tonnage	6,100,236	221,779*	488,939	10,146*
Total	$69,046,351	$2,405,001	25,126,645	1,181,821

*Decrease.

NOTE: "Revenue" is gross freight revenue without adjustment for absorptions or corrections. While revenue increased 2.28%, carloads increased 8.66% and tons carried increased 4.94%, there was a decrease of 6.23% in net railway operating income. The reasons were higher prices of material and supplies and higher wages.

EXPLANATION OF FREIGHT INCREASES:

Products of agriculture decreased 11.43% in revenue and 14.06% in tonnage.

Wheat decreased 22.66% in revenue and 14.82% in tonnage.
Corn decreased 31.83% in revenue and 24.89% in tonnage.
Sugar beets decreased 26.06% in revenue and 29.36% in tonnage.

These decreases were due to drouth, insects and federal control programs which combined to reduce yields of most farm crops in our territory to the lowest level in many years.

Livestock increased 25.27% in revenue and 21.54% in tonnage, largely due to drouth conditions which forced the movement from those areas. Total receipts of livestock at the eight stock yards on our line increased 1,655,000 head, 3.44%, while receipts by truck increased 666,000 head, 3.23%.

The movement of bituminous coal increased 241,902 tons, 4.22%. System loadings increased 335,475 tons, 8.80%, while receipts from connections decreased 93,573 tons, 4.89%. The tonnage originated was 70% of the total handled compared with 67% in 1933.

Forest products increased 148,211 tons, 16.07%.

Manufactures and miscellaneous freight increased 722,531 tons, 12.63%, the increases being largely in iron and steel, automobiles and tractors, agricultural implements, beverages and canned food products.

EXPLANATION OF PASSENGER INCREASES:

Passenger revenues increased $27,134 or four-tenths of one per cent. This may be interpreted as justifying the reduction in fares which was made in the West. On the other hand it may be said that the increase in business activity and in travel generally would have brought substantially more passenger traffic to the railways, as occurred in the East where fares were not so low; that it cost more to handle the 45,000,000 passenger miles which represent the increase, than the small additional revenue received; in short that the average fare per mile of 1.93 cents in 1933 would have yielded substantially more net income than the 1.71 cent average of 1934. So many indeterminate factors enter into this complex problem that the field is a fertile one for theorists and extravagant claims are made in behalf of more radical changes. One thing is certain as to results on the Burlington, and that is, that its net income available for interest was not increased by its passenger business in 1934 compared with 1933, but no one can say whether net income would have been less if fares had not been reduced.

This is the tenth year for Burlington Escorted Tours operated jointly with the Great Northern and Northern Pacific, and we handled 2,219 passengers—an increase of 1,199 or 117% over 1933.

OPERATING EXPENSES:

The continued low level of gross revenue made it necessary to hold expenditures to the minimum in all departments. While the maintenance reserves established in previous years and based upon larger traffic were further drawn upon, the track was held to the standard required for the prevailing speeds and density of traffic. During the year 80.58 miles of new 112 pound rail and 13.66 miles of secondhand 90 pound and 100 pound rail were laid in the principal main lines.

Rolling stock has been kept up to the requirements of the available traffic which are more exacting than ever. An improvement in the general condition of locomotives was accomplished, more miles of service being restored in maintenance than were absorbed in service requirements. During the year 29 locomotives, 37 passenger cars, 6,577 freight cars, and 763 units of work equipment were dismantled and permanently retired from service.

Freight train schedules were reduced one full day between North Coast points and Chicago in both directions. With the opening of the Dotsero cutoff on June 15th fast freight schedules were adopted between Chicago, St. Louis, Kansas City, Omaha and Denver in both directions. To secure an efficient and economical handling a Texas type (2-10-4) locomotive, originally used in dead freight service, was equipped with roller

STATISTICS OF OPERATIONS

ITEMS	1934	1933
Average mileage of road operated (miles)	9,143.98	9,237.41
TRAIN MILES		
Freight	13,107,667	11,851,790
Passenger	12,428,604	12,662,913
Mixed	1,611,043	1,487,644
Special	1,358	2,066
Total transportation service	27,148,672	26,004,413
Work service	113,411	131,848
LOCOMOTIVE MILES		
Freight	14,168,132	12,632,290
Passenger	9,431,494	9,583,435
Mixed	1,507,358	1,408,983
Special	1,571	2,551
Train and yard switching	6,245,693	5,557,901
Total transportation service	31,354,248	29,185,160
Work service	368,980	374,544
CAR MILES		
Freight train—loaded	345,685,948	308,647,356
" " —empty	235,886,258	210,649,179
Sum of loaded and empty	581,572,206	519,296,535
Freight train—caboose	12,754,375	11,399,911
Freight train—exclusive work equipment	2,579,302	2,201,807
" " —total	596,905,883	532,898,253
Passenger train—passenger	24,010,515	23,423,540
" " —sleeping, parlor and observation	20,747,598	19,692,954
" " —dining	3,646,284	3,671,854
" " —other	29,651,102	29,651,388
" " —total	78,055,499	76,439,736
Mixed train	10,306,075	7,210,568
Special train	32,347	51,886
Total transportation service	685,299,804	616,600,443
Work service	663,442	389,591
FREIGHT SERVICE		
Tons—total	30,647,226	28,602,371
Ton miles—total	8,541,920,200	7,761,587,000
PASSENGER SERVICE		
Passengers carried—revenue	7,582,128	7,064,344
Passenger miles—revenue	425,949,359	387,064,918

STATISTICS OF OPERATIONS—Continued

ITEMS	1934	1933
AVERAGES PER MILE OF ROAD		
Freight-train miles	1,574	1,400
Passenger-train miles	1,677	1,679
Mixed-train miles	599	612
Transportation service train-miles	2,969	2,815
Work-train miles	12	14
Locomotive miles—transportation	3,429	3,159
Freight service car-miles	66,498	58,709
Passenger service car-miles	9,511	9,025
Freight revenue	$ 7,139.30	$ 6,919.15
Passenger service train revenue	$ 1,441.67	$ 1,393.81
Operating revenues	$ 8,780.44	$ 8,497.73
" expenses	$ 6,343.84	$ 5,884.94
Net operating revenues	$ 2,436.60	$ 2,612.79
Ton-miles—revenue freight	786,151	721,060
" " —all freight	940,883	848,140
Passenger-miles—revenue	49,656	44,028
AVERAGES PER TRAIN-MILE		
Loaded freight car-miles	24.87	24.54
Empty freight car-miles	16.86	16.70
Ton-miles—revenue freight	506.60	519.89
" " —all freight	606.30	611.52
Passenger train car-miles	6.25	5.96
Revenue passenger-miles	32.62	29.08
Freight revenue	$ 4.60	$ 4.99
Passenger service train revenue	$ .95	$ .92
Operating revenues	$ 2.96	$ 3.02
Operating expenses	$ 2.14	$ 2.09
Net operating revenues	$ .82	$ .93
AVERAGES PER LOADED FREIGHT CAR-MILE		
Ton-miles—revenue freight	20.37	21.19
" " —all freight	24.38	24.92
Freight revenue	$ .18498	$ .20329
AVERAGES PER CAR-MILE PASSENGER		
Passenger-miles—revenue	9.12	8.65
Passenger revenue	$ .14455	$ .15016
MISCELLANEOUS AVERAGES		
Miles hauled—revenue freight	284.05	275.58
" " —non-revenue freight	254.46	249.69
" " —all freight	278.72	271.36
" carried—revenue passengers	56.18	54.79
Revenue per ton of freight	$ 2.57953	$ 2.64438
" " ton-mile of freight	$ .00908	$ .00960
" " passenger	$ .89015	$ .95155
" " passenger-mile	$ .01585	$ .01737
Operating ratio	72.25%	69.25%

bearings, disc wheels and 28 inch cylinders and assigned to these schedules. Its performance being satisfactory it is planned to similarly equip five additional locomotives in 1935.

The high speed, lightweight, streamlined, and Diesel powered passenger train described in the 1933 report, known as the "Zephyr," was placed in regular service between Lincoln, Omaha, St. Joseph and Kansas City on November 11th, where it has more than met expectations, both as to traffic drawing ability and economy in operation. To more adequately care for the traffic thus developed it was necessary to increase this train from three to four cars. Two additional trains of this type have been ordered for service between Chicago, St. Paul and Minneapolis, and one for service between St. Louis and Burlington.

In order to attract additional traffic and meet competition, air conditioning equipment was applied to twenty-three dining and lounge cars, the work being performed in the company shops. Ten Pullman lounge and observation cars assigned to our trains were similarly equipped.

By agreement with employe representatives and in common with other railroads, the ten per cent deduction from all basic wages which was made in 1932 and continued in 1933, ended on June 30, 1934. Effective July 1st, 1934, 2½% of the 10% deduction was restored. On November 1st, 1934, through agreement reached in mediation a second 2½% was restored to the independent associations of shop crafts and maintenance of way employes. Hourly wages on April 1st, 1935, became as high as they were in the most prosperous years and in some instances higher than they ever were in railroad history. Salary reductions up to the maximum of 20% in the case of higher officers were continued throughout the year.

EXPENDITURES (Capital):

During the year there was no construction of new lines.

There was a net credit to Capital Account due to abandonment of 143.55 miles of unprofitable branch lines and retirement of obsolete equipment, the net change being as follows:

For road	Cr.	$2,962,416.44
For equipment	Cr.	6,738,773.49
For general	Cr.	35,360.13
Total	Cr.	$9,736,550.06

There was expended on a program of strengthening and rebuilding important bridges, at the following points, $171,855.48 chargeable to Capital Account:

Chippewa River, Trevino, Wis.
Bogus Creek, Pepin, Wis.
Fabius River, Mark, Mo.
Fox River, Gregory, Mo.
Tenth St. Viaduct, Omaha, Neb.
Platte River, Denver, Colo.

The usual bridge program of improvement and replacement of pile trestles was carried out during the year, the total expenditure chargeable to Capital Account being $92,875.44.

ADDITIONS AND IMPROVEMENTS TO EQUIPMENT:

New Rolling Stock Delivered:

2 Diesel electric 450 HP switch locomotives.
1—3 car unit Diesel-Electric Zephyr passenger train.

Built in Company Shops:

2—All steel air conditioned parlor-lounge cars, converted from parlor cars.
2—All steel air conditioned dining-lounge cars, converted from dining cars.
3—Steel plated air conditioned dining-lounge cars converted from dining cars.

New Equipment on Order:

2—3 unit and 1—4 unit, Diesel Electric Zephyr trains, 600 HP each.
1—Additional unit for Lincoln-Omaha-Kansas City Zephyr train.
2—Coaches for North Coast Limited trains.

Continuing the usual program for safe and economical operation, improvements have been made to locomotives and cars as follows:

Heavier frames and larger driving axles applied to 3 Class S-3-A locomotives.
Roller bearings applied to driving wheels, engine and tender trucks, disc wheels to main drivers of 1 M-4-A high speed locomotive.
Water capacity of 6 locomotive tenders increased.
Force feed lubricators applied to 3 locomotives.
Sargent water glasses applied to 21 locomotives.
Roller bearings applied to 1 B-1-A engine truck.
Steam dryers applied to 5 M-4 locomotives.
Foameter equipment applied to 4 "B" locomotives.
Alemite lubrication applied to shoes and wedges of 8 locomotives.
Alemite lubrication applied to valve motion of 7 locomotives.
Disc wheel centers applied to 29 Class M-2-A locomotives.
Gunderson process applied to 1 Class S-4 locomotive.
Gang-way ladders applied to 100 locomotives.
Tender coal space ladders applied to 24 locomotives.
Tender slope sheet extended on 50 locomotives.
Reinforced ends and armor plated 2 baggage cars.
Steel step treads applied to 12 suburban cars.
Air conditioning equipment installed in 5 lounge cars.
Air conditioning equipment installed in 2 dining-parlor cars.
Air conditioning equipment installed in 9 dining cars.
Cast steel truck pedestals applied to 2 passenger cars.
Cast steel coupler pockets applied to 118 freight cars.
Inside lining was increased 15 inches in 547 box cars.
End reinforcements applied to 804 single sheathed cars.
Z-bar floor reinforcements were applied to 1,517 composite gondola and mill type cars.
Steel platform floors were applied to 21 way-cars.
Steel steps were applied to 210 way-cars.
Automobile racks were applied to 299 automobile cars.
Doors widened and automobile racks applied to 180 automobile cars.
Gusset plates applied to 737 box and automobile cars.
Cast steel truck sides applied to 594 box cars.
Type "D" couplers applied to 180 freight cars.

INVESTMENT IN ROAD AND EQUIPMENT DURING THE YEAR:

Account		Additions and Betterments
Engineering	Cr.	$ 97,000.27
Land for transportation purposes	Cr.	133,146.08
Grading	Cr.	1,030,892.86
Tunnels and subways		11,307.50
Bridges, trestles and culverts	Cr.	393,285.97
Ties	Cr.	404,422.61
Rails	Cr.	189,483.11
Other track material		38,663.89
Ballast		107,008.54
Track laying and surfacing	Cr.	196,332.20
Right-of-way fences	Cr.	39,302.31
Crossings and signs	Cr.	7,303.22
Station and office buildings	Cr.	124,749.63
Roadway buildings	Cr.	52,693.23
Water stations	Cr.	50,690.50
Fuel stations		1,110.76
Shops and engine houses	Cr.	168,555.08
Grain elevators		9,113.78
Storage warehouses		2.45
Wharves and docks		711.37
Telegraph and telephone lines	Cr.	22,057.91
Signals and interlockers	Cr.	83,192.00
Power plant buildings		26,066.67
Power sub-station buildings		205.70
Power transmission systems		4,828.99
Power distribution systems	Cr.	24,871.28
Power line poles and fixtures	Cr.	2,354.52
Underground conduits		13,782.67
Miscellaneous structures		43,749.94
Paving	Cr.	1,882.64
Roadway machines		41,664.85
Roadway small tools	Cr.	411.05
Assessments for public improvements		35,630.75
Shop machinery	Cr.	274,660.83
Power plant machinery		1,026.87
Power sub-station apparatus	Cr.	3.87
Total expenditures for road	Cr.	$ 2,962,416.44
Steam locomotives	Cr.	$ 535,818.79
Other locomotives		68,146.16
Freight train cars	Cr.	6,646,762.50
Passenger train cars		219,003.01
Floating equipment	Cr.	26,140.64
Work equipment		184,776.18
Miscellaneous equipment	Cr.	1,976.91
Total expenditures for equipment	Cr.	$ 6,738,773.49
Interest during construction	Cr.	$ 35,360.13
Grand total	Cr.	$ 9,736,550.06

There was no investment in New Lines and Extensions during the year.

Credits are due principally to abandonment of branch lines, and retirement of equipment as follows:

Galesburg to Fairview, Ill	$ 245,552.23
Shabbona to Paw Paw, Ill	120,152.45
Winfield to Tracy, Ia	1,078,844.73
Trojan to Spearfish, S. D	1,179,928.31
Yutan to Allis, Neb	326,528.06
Equipment retirements	8,388,136.83
	$11,339,142.61

EQUIPMENT

CLASS OF EQUIPMENT	Number on Dec. 31, 1933	Number Added During Year	Number Retired During Year	Number on Dec. 31, 1934	Average tractive power all locomotives and average capacity all freight cars
					Lbs.
Locomotives	1,088	9	29	1,068	48,606
Freight-train cars:					
Box cars	26,504	.....	1,978	24,526	.....
Flat cars	1,901	.....	12	1,889	.....
Stock cars	5,595	.....	694	4,901	.....
Coal cars	17,440	159	3,482	14,117	.....
Tank cars	336	.....	336	.....	.....
Caboose cars	628	.....	21	607	.....
Other freight-train cars	116	77	54	139	.....
All classes of freight-train cars	52,520	236	6,577	46,179	Tons 43.14
Passenger-train cars: (See Note)					
Coaches	434	2	11	425	.....
Combination passenger cars	120	1	8	113	.....
Other combination cars	99	.....	4	95	.....
Parlor cars	15	7	4	18	.....
Dining cars	38	2	5	35	.....
Baggage and express cars	239	1	5	235	.....
Postal cars	32	.....	.....	32	.....
All classes of passenger-train cars	977	13	37	953	.....
Company service cars:					
Officers' cars	21	.....	2	19	.....
Ballast cars	1,388	.....	363	1,025	.....
Derrick cars	11	.....	2	9	.....
Steam shovels	6	.....	.....	6	.....
Wrecking cars	20	.....	.....	20	.....
Other company service cars	2,149	435	396	2,188	.....
All classes of company service cars	3,595	435	763	3,267	.....
All classes of cars in service	57,092	684	7,377	50,399	.....

Above figures include 8 locomotives, 1 baggage and 1 other combination car and 2 dining cars leased from Colorado & Southern Lines.

NOTE: Coaches include 1 motor-car and 13 trailer cars.
Combination passenger cars include 36 motor-cars and 5 trailer cars.
Other combination cars include 18 motor-cars and 5 trailer cars.

LEASED EQUIPMENT

CLASS OF EQUIPMENT	Number Under Lease on Dec. 31, 1933	Number Leased During Year	Number Withdrawn from Lease During Year	Number Under Lease on Dec. 31, 1934
Locomotives†	23	.....	4	19
Pass. train cars#	11	5	2	14
Refrigerator cars*	2,146	.....	166	1,980

†Leased to the Colorado & Southern Lines.—19.
#Leased to Colorado & Southern Lines—12; Gulf, Mobile & Northern Ry.—2.
*Leased to Burlington Refrigerator Express Company.

BURLINGTON TRANSPORTATION COMPANY

Bus transportation has been developing quite rapidly of recent years and an effort is being made by Burlington to participate appropriately in such business. During the last half of 1934 the Burlington Transportation Company inaugurated through bus service from Chicago to Omaha and from Chicago to Denver. This development from a strictly local operation which offered substitute service where railway passenger trains could be removed, to a more independent unit of transportation, conforms with the trend in transportation. The Burlington Transportation Company in 1934 showed an operating loss of $58,346.85 compared with a loss of $38,918.24 in 1933. The increase in the loss was for the most part due to the expansion of service above referred to. It should be said that the annual savings to the Burlington Railroad by eliminating passenger trains are estimated at $175,000.

PENSION DEPARTMENT:

Following the enactment of the law known as the Railroad Retirement Act, approved by the President of the United States on June 27, 1934, your Board of Directors suspended the application of rules and regulations of the Pension Department of the Company on August 1, 1934, pending determination of the validity and scope of the Act, that is now being reviewed by the Supreme Court of the United States. Payments under the Company's former pension rules are continued on the existing basis to those on the pension rolls and to those qualifying for pension prior to August 1, 1934. Employes who would have become entitled to pensions under the Company's rules and were not fit for service subsequent to August 1, 1934, have been given consideration where their financial and physical condition required assistance, and granted such allowances or gratuities as the president of the Company deemed advisable.

The following statement covers the operation of the pension plan for 1934 and since it was established, January 1, 1922:

	1934	From Jan. 1, 1922, to Dec. 31, 1934
Pension disbursements	$1,173,863.22	$9,783,993.27
Number pensioned	157	3,064
Number died	161	1,412
Number on roll Dec. 31, 1934	1,651*	....
Average monthly pension	$57.45	....
Average retirement age	68 years	....
Average years' service	36 years	....

*One discontinued.

Twenty per cent of those retired in 1922 and thirty-three per cent of those retired in 1923 were pensioners on December 31, 1934.

During the last five months of 1934 (after the Act became effective) the Company accrued against its obligations under the Act, $621,344.37 which will be paid into the federal fund if the Act is upheld. This is in addition to the sum of $1,173,863.22 which the Company paid to its retired employes during the year under its former pension plan.

RELIEF DEPARTMENT:

The Relief Department was established June 1, 1889; it affords employes opportunity of carrying disability and death benefits at a low cost. The Company furnishes facilities to carry on the work of the department and pays the operating expenses thereof. On December 31, 1934, 83.14% of the active force were members. The operations of the department for 1934 as compared with 1933 were as follows:

RECEIPTS

	1934	1933
Cash balance at beginning of year	$ 98,212.55	$166,036.46
Members' contributions	615,032.48	550,010.58
Interest on monthly balance (paid by R. R. Co.)	6,304.29	4,091.99
Income from investments	55,700.00	55,700.00
Total	$775,249.32	$775,839.03

DISBURSEMENTS

	1934	1933
Death	$337,194.28	$365,363.73
Disability	215,062.23	312,262.75
Total	$552,256.51	$677,626.48

FEDERAL VALUATION WORK:

The cost of this work during the year was $71,495.91. This is an increase of $11,302.48 over that incurred during year 1933 and is due to expediting certain valuation reports at the request of the Interstate Commerce Commission.

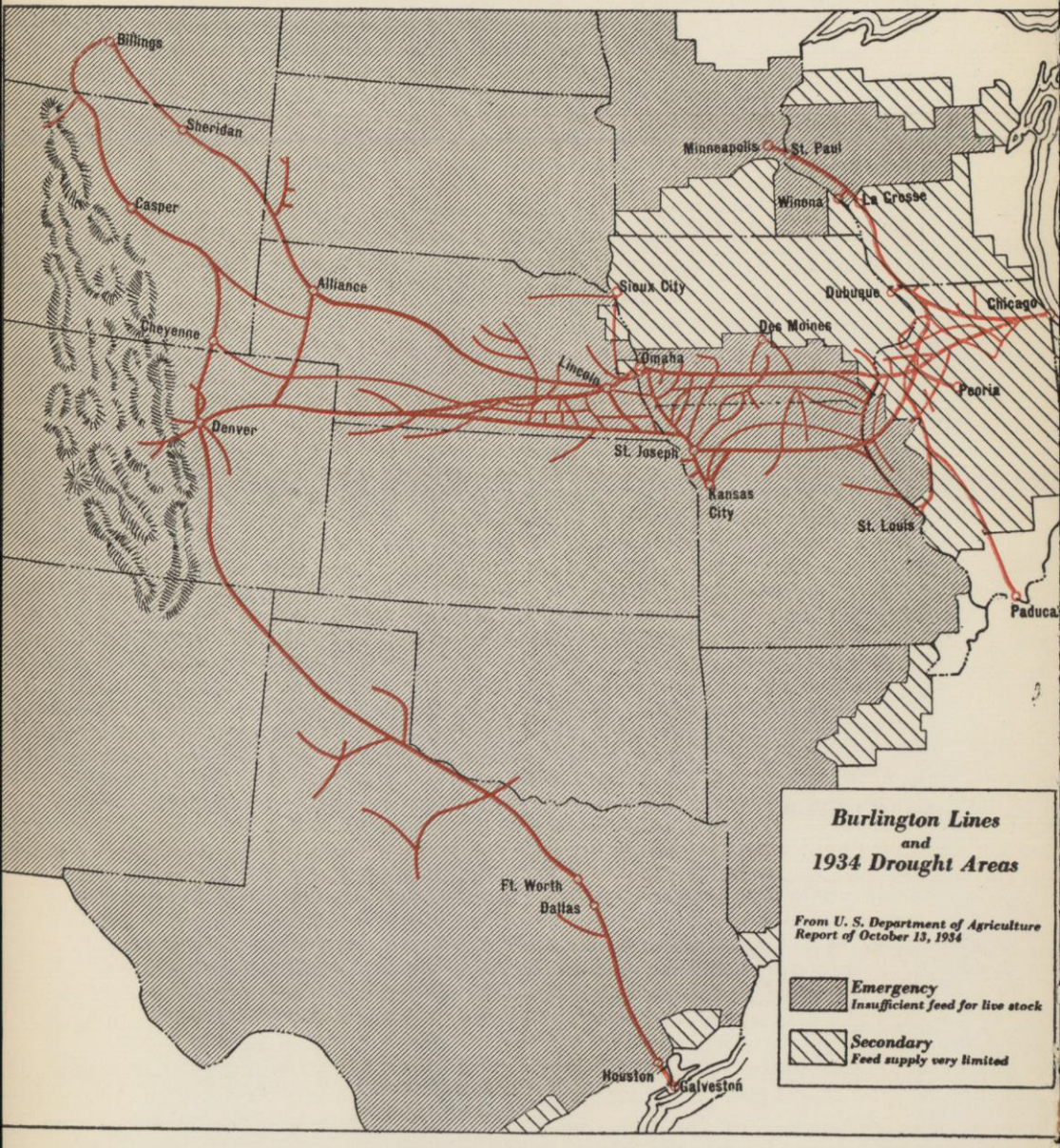
INDUSTRIAL:

One hundred and sixty new industrial leases were issued on railroad property during the year, and sixty-eight new industries were located on private property served by our tracks. Eleven new industry tracks and extensions to existing tracks were built. Twenty temporary tracks for contractors were installed in connection with river improvement work on the Mississippi and Missouri rivers.

AGRICULTURE:

The most devastating drouth in the history of the country overshadowed all other agricultural events. The efforts of planners in reducing production were made to appear puny and futile in the face of such a phenomenon of nature. Accompanying the drouth was an insect plague. Combined disasters during 1934 reduced yields of most farm crops in Burlington states to the lowest level in many years. Wheat, an early maturing crop, was an exception with an 8% increase over the small yields of 1933. Corn was off 59% from 1933 and 61% from 10 year average, but the decrease along Burlington Lines was more than these figures indicate, for the reason that northern Iowa had a fairly good crop of corn while in southern Iowa the crop was a failure; sugar beets produced 36% less than in 1933, and all hay, forage and truck crops were extremely poor. So completely did this drouth envelop the Middle West that of the 289 counties served by Burlington Lines in thirteen states only 5 were not indicated by the Government during the

year as emergency or secondary drouth relief areas as shown on the map below:



Grasshoppers and chinch bugs were particularly numerous and despite drastic control measures did much damage. Feed shortage, result-

ing from the drouth, necessitated the liquidation of 5,656,471 cattle and 3,162,000 sheep, all paid for by the Government. Swine population in Burlington states was reduced 42%.

Reduced yields brought increased prices and these plus the various government aids increased farm income 33% above 1933. In Burlington states the Government paid farmers $82,610,476 for drouth cattle, $6,324,400 for drouth sheep and $248,864,000 for reducing crop and hog production. Large federal and state grants were also made for insect control, feed purchases and human relief. In addition, the Federal Government loaned farmers in CB&Q territory $118,384,000 on stored portions of their 1933 corn crop; $682,074,549 on farm mortgages and additional sums for the purchase of seed and feed, and other crop production activities.

Fall wheat plantings for harvest in 1935 were 1% greater than normal and the condition of this crop at the close of the year was 74%, compared to a five-year average of 82%. Due to feed shortages the number of cattle being fattened for market at the close of the year was reduced approximately 50% and sheep 10%.

Your Company's agricultural department co-operated with all agencies for the preservation of herds and crops and the improvement of farm conditions.

The Board of Directors takes this opportunity to express its appreciation for support received from the patrons of your road and for the efficient and willing co-operation of the officers and employes.

By order of the Board of Directors.

RALPH BUDD,
President.

GENERAL BALANCE SHEET

December 31, 1934

ASSETS

Investments:		
Investment in road and equipment		$588,247,634.52
Improvements on leased railway property		14,703.19
Deposits in lieu of mortgaged property sold		115,881.00
Miscellaneous physical property		794,084.80
Investments in affiliated companies:		
Stocks	$ 31,081,448.64	
Bonds	554,484.58	
Notes	3,684,815.17	
Advances	7,518,933.21	42,839,681.60
Other investments:		
Stocks	$ 3,746,126.56	
Bonds	167,810.00	
Notes	401,266.50	
Advances	2,500.00	
Miscellaneous	3,806.00	4,321,509.06
Total investments (capital assets)		$636,333,494.17
Current assets:		
Cash	$ 12,029,166.58	
Time drafts and deposits	343,722.90	
Loans and bills receivable	274,407.69	
Traffic and car service balances receivable	564,147.59	
Net balance receivable from agents and conductors	865,287.73	
Miscellaneous accounts receivable	5,835,693.02	
Material and supplies	8,485,629.49	
Interest and dividends receivable	97,490.83	
Rents receivable	25,984.24	
Other current assets	61,331.53	
Total current assets		28,582,861.60
Deferred assets:		
Working fund advances	$ 62,001.35	
Other deferred assets	209,336.28	
Total deferred assets		271,337.63
Unadjusted debits:		
Insurance premium paid in advance	$ 41,796.52	
Discount on funded debt	4,704,020.08	
Other unadjusted debits	2,189,690.15	
Total unadjusted debits		6,935,506.75
Grand total		$672,123,200.15

GENERAL BALANCE SHEET

December 31, 1934

LIABILITIES

Capital stock:		
Common stock		$170,839,100.00
Long term debt:		
Funded debt unmatured:		
First & Refunding Mortgage Series "A" 5's	$ 40,000,000.00	
First & Refunding Mortgage Series "B" 4½'s	30,000,000.00	
General Mortgage 4's	93,414,000.00	
Illinois Division Mortgage 3½'s	50,835,000.00	
Illinois Division Mortgage 4's	34,165,000.00	
Total issued	$248,414,000.00	
Less held by or for the company	28,742,000.00	
Total long term debt outstanding		219,672,000.00
Current liabilities:		
Traffic and car-service balances payable	$ 1,196,075.30	
Audited accounts and wages payable	3,912,807.48	
Miscellaneous accounts payable	1,389,985.75	
Interest matured unpaid	952,077.50	
Funded debt matured unpaid	2,600.00	
Unmatured interest accrued	2,265,793.33	
Other current liabilities	203,827.72	
Total current liabilities		9,923,167.08
Deferred liabilities:		
Other deferred liabilities		70,109.22
Unadjusted credits:		
Tax liability	$ 4,322,417.90	
Insurance and casualty reserves	1,422,943.63	
Accrued depreciation—equipment	64,777,660.35	
Other unadjusted credits	1,846,383.09	
Total unadjusted credits		72,369,404.97
Corporate surplus:		
Additions to property through income and surplus	$ 678,288.26	
Funded debt retired through income	44,044,176.95	
Sinking fund reserves	600.00	
Profit and loss	154,526,353.67	
Total corporate surplus		199,249,418.88
Grand total		$672,123,200.15

CAPITAL LIABILITIES OF THE CHICAGO, BURLINGTON & QUINCY RAILROAD COMPANY

Designation of Obligation	Term		Total par value authorized	Total nominally or actually outstanding	Nominally outstanding held by or for Company	Actually outstanding in hands of public	Dividends or Interest		
	Date of issue	Date of maturity					Rate	When payable	Dividends declared and interest accrued during year
CAPITAL STOCK	.....	.....	$170,839,100	$170,839,100	.....	*$170,839,100	2% 1%	June 25 Dec. 26	$ 3,416,774.00 1,708,387.00
MORTGAGE BONDS							3%		$ 5,125,161.00
First and Refunding Mortgage:									
Series A	Aug. 1, 1921	Feb. 1, 1971	$ 40,000,000	$ 40,000,000	.....	$ 40,000,000	5	F. & A.	$ 2,000,000.00
Series B	Feb. 1, 1927	Feb. 1, 1977	30,000,000	30,000,000	.....	30,000,000	4½	F. & A.	1,350,000.00
General Mortgage	Mar. 2, 1908	Mar. 1, 1958	93,414,000	93,414,000	†$28,167,000	65,247,000	4	M. & S.	2,609,880.00
Illinois Division Mortgage	July 1, 1899	July 1, 1949	50,835,000	50,835,000	386,000	50,449,000	3½	J. & J.	1,765,715.00
Illinois Division Mortgage	July 1, 1899	July 1, 1949	34,165,000	34,165,000	189,000	33,976,000	4	J. & J.	1,359,040.00
Total Debt	.....	.....	$248,414,000	$248,414,000	$28,742,000	$219,672,000	.....	.....	$ 9,084,635.00

*Includes $400 scrip on which no dividends are paid.
†Includes $18,294,000 bonds pledged under First and Refunding Mortgage.

DESCRIPTION OF MORTGAGES

The total par value of unmatured funded debt actually or nominally outstanding is:

Actually outstanding in hands of public	$219,672,000
Nominally outstanding, held for or by the company	28,742,000
	$248,414,000

First and Refunding Mortgage

This mortgage is a lien on the total mileage of main and branch lines owned by this Company, having an aggregate length of 8,667.42 miles, situated in the states of Illinois, Wisconsin, Minnesota, Iowa, Missouri, Nebraska, Kansas, Colorado, South Dakota, Wyoming and Montana, and on all property and equipment appurtenant thereto, and includes its terminals in Chicago, Aurora, Galesburg, Peoria and East St. Louis in Illinois; St. Paul and Winona in Minnesota; St. Louis, Hannibal, Kansas City and St. Joseph in Missouri; Clinton, Dubuque, Burlington, Ottumwa, Des Moines and Council Bluffs in Iowa; Omaha and Lincoln in Nebraska; Denver in Colorado, and elsewhere. This lien is subject to the prior liens of the mortgages described below:

	Miles
The mortgage covers	8,667.42
Of which there are subject to prior liens	
Of the General Mortgage only	6,562.65
Of the General Mortgage and the Illinois Division Mortgage	1,621.67

As further security for bonds issued under this mortgage, there are pledged all right and title of this Company to the stock, which it now owns, of bridge, depot and terminal companies, and of the Davenport, Rock Island and North Western Railway Company and The Colorado and Southern Railway Company (305,262 shares of the latter being subject, also, to the lien of the General Mortgage and 7,000 shares of the Chicago Union Station Company being subject to lien of the Illinois Division Mortgage); also $18,294,000 General Mortgage bonds.

Bonds issued under this mortgage may be redeemed, as a whole, by the company on 60 days' notice, on any interest date, as follows:

Series A at 107½ and accrued interest, February 1, 1942, to August 1, 1951; at 105 and accrued interest, February 1, 1952, to August 1, 1961; at 103 and accrued interest, February 1, 1962, to August 1, 1970.

Series B at 105 and accrued interest, February 1, 1952, to August 1, 1966; at 103 and accrued interest, February 1, 1967, to August 1, 1976.

No Changes During Year

General Mortgage

This mortgage is a lien on 8,184.32 miles of this Company's main and branch lines, including terminals, equipment and property appurtenant thereto, situated in the states of Illinois, Wisconsin, Minnesota, Iowa, Missouri, Nebraska, Kansas, Colorado, South Dakota, Wyoming and Montana, subject as to a certain part, to the lien of the Illinois Division Mortgage.

	Miles
The mortgage covers	8,184.32
Of which there are subject to the prior lien of the Illinois Division Mortgage	1,621.67

This mortgage is also secured by the deposit, with the trustee, of 305,262 shares of the capital stock of The Colorado and Southern Railway Company.

No Changes During Year

Illinois Division Mortgage

This mortgage is a first lien on 1,621.67 miles of this Company's main and branch lines situated in the states of Illinois, Wisconsin and Minnesota and on the Company's terminals in Chicago and points on and east of the Mississippi River.

This mortgage is also secured by the deposit with the trustee of 7,000 shares of the capital stock of the Chicago Union Station Company.

These bonds may be redeemed, as a whole, by the company on six months' notice, at 105 and accrued interest, upon any interest day.

No Changes During Year

MILEAGE

Owned	Miles of Road	Second Track	Third Track	Fourth Track	Yard Tracks & Sidings*	Total
Colorado	395.56	.47	.....	.....	173.14	569.17
Illinois	1,638.32	471.98	43.36	5.43	1,178.34	3,337.43
Iowa	1,226.98	245.74	.....	.....	346.82	1,819.54
Kansas	221.97	.....	.....	.....	28.96	250.93
Minnesota	23.09	2.71	.....	.....	43.47	69.27
Missouri	1,122.76	112.80	.....	.....	434.91	1,670.47
Montana	134.38	.....	.....	.....	47.26	181.64
Nebraska	2,823.79	26.40	.....	.....	854.04	3,704.23
South Dakota	174.69	.....	.....	.....	60.67	235.36
Wisconsin	228.10	211.37	.....	.....	73.11	512.58
Wyoming	677.78	.....	.....	.....	242.27	920.05
Total	8,667.42	1,071.47	43.36	5.43	3,482.99	13,270.67
Operated under lease or contract	369.27	126.17	.76	.76	380.26	877.22
Grand Total	9,036.69	1,197.64	44.12	6.19	3,863.25	14,147.89

*Includes yard tracks and sidings owned but not operated as follows: Colorado .68 miles, Illinois 1.11 miles, Iowa .70 miles, total 2.49.

COMPARATIVE STATEMENT OF INCOME ACCOUNT FOR YEARS ENDED DECEMBER 31

	1934	1933	Increase	Decrease
TRANSPORTATION:				
Freight	$ 64,815,017.90	$ 63,319,233.88	$ 1,495,784.02	
Passenger	6,749,237.57	6,722,103.79	27,133.78	
Excess baggage	27,654.95	30,165.23		$ 2,510.28
Parlor and chair car	17,859.46	9,234.60	8,624.86	
Mail	3,685,394.37	3,903,932.03		218,537.66
Express	1,603,841.09	1,311,050.69	292,790.40	
Other passenger train	109,807.72	98,457.27	11,350.45	
Milk	172,944.10	178,449.37		5,505.27
Switching	1,519,627.68	1,458,285.01	61,342.67	
Special service train	6,187.97	8,528.59		2,340.62
Other freight train	3,026.45	3,479.20		452.75
Total	$ 78,710,599.26	$ 77,042,919.66	$ 1,667,679.60	
INCIDENTAL:				
Dining and buffet	$ 347,788.89	$ 294,875.33	$ 52,913.56	
Hotel and restaurant	47,762.76	32,454.77	15,307.99	
Station and train privileges	21,377.21	19,767.90	1,609.31	
Parcel room	2,418.84	2,063.80	355.04	
Storage—Freight	15,658.68	15,795.53		$ 136.85
Storage—Baggage	2,202.57	1,774.91	427.66	
Demurrage	86,154.62	72,136.19	14,018.43	
Telegraph and telephone	136,816.39	125,844.91	10,971.48	
Stock Yards	151,360.20	117,329.14	34,031.06	
Power	59,247.01	51,718.79	7,528.22	
Rents of buildings and other property	162,452.85	155,482.46	6,970.39	
Miscellaneous	99,893.85	137,871.27		37,977.42
Total	$ 1,133,133.87	$ 1,027,115.00	$ 106,018.87	
Joint facility—Cr.	$ 447,012.92	$ 431,105.51	$ 15,907.41	
Joint facility—Dr.	Dr. 2,586.94	Dr. 4,164.96	1,578.02	
Total	$ 444,425.98	$ 426,940.55	$ 17,485.43	
Total railway operating revenues	$ 80,288,159.11	$ 78,496,975.21	$ 1,791,183.90	

COMPARATIVE STATEMENT OF INCOME ACCOUNT FOR YEARS ENDED DECEMBER 31—Cont.

	1934	1933	Increase	Decrease
MAINTENANCE OF WAY AND STRUCTURES				
Superintendence	$ 842,299.59	$ 806,013.38	$ 36,286.21	
Roadway maintenance	646,334.56	929,916.37		$ 283,581.81
Tunnels and subways	3,753.68	Cr. 40,966.84	44,720.52	
Bridges, trestles and culverts	501,881.51	515,613.39		13,731.88
Ties	1,575,452.21	1,057,489.86	517,962.35	
Rails	516,038.69	539,353.38		23,314.69
Other track material	812,269.17	517,472.96	294,796.21	
Ballast	159,504.90	127,600.98	31,903.92	
Track laying and surfacing	2,198,973.60	2,030,621.14	168,352.46	
Right-of-way fences	133,151.15	129,107.94	4,043.21	
Snow and sand fences and snowsheds	4,525.70	7,240.02		2,714.32
Crossings and signs	175,755.26	165,453.95	10,301.31	
Station and office buildings	369,541.88	299,497.45	70,044.43	
Roadway buildings	52,511.03	34,726.55	17,784.48	
Water stations	153,537.66	129,250.31	24,287.35	
Fuel stations	68,605.27	54,095.52	14,509.75	
Shops and engine houses	348,038.03	272,040.38	75,997.65	
Wharves and docks	3,135.14	1,242.92	1,892.22	
Telegraph and telephone lines	20,915.36	1,166.22	19,749.14	
Signals and interlockers	340,236.19	300,134.59	40,101.60	
Power plant buildings	3,158.82	4,615.07		1,456.25
Power distribution systems	9,671.68	Cr. 638.51	10,310.19	
Power line poles and fixtures	5,547.39	1,993.94	3,553.45	
Underground conduits		Cr. 12.77	12.77	
Miscellaneous structures	42,801.41	24,541.94	18,259.47	
Paving	46.33	68.98		22.65
Roadway machines	161,962.78	72,900.82	89,061.96	
Small tools and supplies	120,982.49	44,218.17	76,764.32	
Removing snow, ice and sand	78,357.41	67,010.20	11,347.21	
Assessments for public improvements	5,607.67	Cr. 4,779.22	10,386.89	

Injuries to persons		96,393.26		94,579.95	1,813.31	
Insurance		26,988.08		32,662.32		5,674.24
Stationery and printing		13,932.33		13,448.82	483.51	
Other expenses		3,207.65		3,264.68		57.03
Maintaining joint tracks, yards and other facilities–Dr.		494,548.81		485,422.95	9,125.86	
Maintaining joint tracks, yards and other facilities–Cr.	Cr.	129,339.81	Cr.	154,683.58	25,343.77	
Total	$	9,860,326.88	$	8,561,684.23	$ 1,298,642.65	
MAINTENANCE OF EQUIPMENT						
Superintendence	$	538,023.62	$	518,270.17	$ 19,753.45	
Shop machinery		323,542.58		222,296.36	101,246.22	
Power plant machinery		50,929.07		49,072.82	1,856.25	
Steam locomotive—Repairs		3,935,303.71		3,542,495.81	392,807.90	
Steam locomotive—Depreciation		868,307.62		885,119.80		$ 16,812.18
Steam locomotive—Retirements	Cr.	1,193.98		14,648.99		15,842.97
Other locomotive—Repairs		8,899.04		11,483.67		2,584.63
Other locomotive—Depreciation		8,014.56		6,694.56	1,320.00	
Freight train cars—Repairs		2,875,712.19		3,274,256.51		398,544.32
Freight train cars—Depreciation		1,682,611.73		1,779,513.10		96,901.37
Freight train cars—Retirements		15,464.18	Cr.	14,515.76	29,979.94	
Passenger train cars—Repairs		866,140.92		683,623.62	182,517.30	
Passenger train cars—Depreciation		486,505.76		484,261.97	2,243.79	
Passenger train cars—Retirements	Cr.	11,462.35		7,219.24		18,681.59
Motor equipment of cars—Repairs		162,149.35		150,733.54	11,415.81	
Work equipment—Repairs		251,720.33		167,800.82	83,919.51	
Work equipment—Depreciation		109,598.57		114,584.33		4,985.76
Work equipment—Retirements		8,350.76		4,420.19	3,930.57	
Miscellaneous equipment—Repairs		4,695.56		3,610.96	1,084.60	
Miscellaneous equipment—Depreciation		7,556.41		6,719.84	836.57	
Miscellaneous equipment—Retirements		902.31	Cr.	287.10	1,189.41	
Injuries to persons		53,982.49		72,595.23		18,612.74
Insurance		47,529.61		48,439.18		909.57
Stationery and printing		9,424.58		12,113.85		2,689.27
Other expenses		2,601.16		3,192.49		591.33
Maintaining joint equipment—Dr.		141,894.63		115,710.66	26,183.97	
Maintaining joint equipment—Cr.	Cr.	15,815.23	Cr.	23,575.14	7,759.91	
Total	$	12,431,389.18	$	12,140,499.71	$ 290,889.47	

COMPARATIVE STATEMENT OF INCOME ACCOUNT FOR YEARS ENDED DECEMBER 31—Cont.

	1934	1933	Increase	Decrease
Traffic				
Superintendence	$ 712,100.16	$ 711,219.98	$ 880.18	
Outside agencies	1,071,358.70	1,035,752.35	35,606.35	
Advertising	460,535.36	374,887.44	85,647.92	
Traffic associations	66,578.43	77,638.74		$ 11,060.31
Industrial and immigration bureaus	28,193.18	32,922.19		4,729.01
Insurance	548.99	566.73		17.74
Stationery and printing	183,307.92	215,672.80		32,364.88
Other expenses	5,039.85	2,159.41	2,880.44	
Total	$ 2,527,662.59	$ 2,450,819.64	$ 76,842.95	
Transportation				
Superintendence	$ 773,548.27	$ 762,423.06	$ 11,125.21	
Dispatching trains	433,735.47	428,341.09	5,394.38	
Station employes	4,238,866.97	4,143,839.56	95,027.41	
Weighing, inspection and demurrage bureaus	137,495.32	119,977.44	17,517.88	
Station supplies and expenses	269,113.14	265,425.28	3,687.86	
Yardmasters and yard clerks	638,695.40	613,258.94	25,436.46	
Yard conductors and brakemen	1,901,008.14	1,747,225.48	153,782.66	
Yard switch and signal tenders	111,569.60	110,711.07	858.53	
Yard enginemen	1,259,673.56	1,161,221.74	98,451.82	
Fuel for yard locomotives	564,529.43	562,615.36	1,914.07	
Water for yard locomotives	68,246.25	64,395.81	3,850.44	
Lubricants for yard locomotives	16,165.09	14,917.89	1,247.20	
Other supplies for yard locomotives	17,348.06	14,329.36	3,018.70	
Enginehouse expenses—Yard	251,192.42	248,885.00	2,307.42	
Yard supplies and expenses	45,096.14	44,020.59	1,075.55	
Operating joint yards and terminals—Dr.	1,290,813.19	1,229,664.66	61,148.53	
Operating joint yards and terminals—Cr.	Cr. 132,367.74	Cr. 139,129.94	6,762.20	
Train enginemen	3,620,536.01	3,342,981.51	277,554.50	
Train motormen	228,291.87	227,717.04	574.83	

Fuel for train locomotives	3,659,463.19	3,443,208.13	216,255.06	
Water for train locomotives	357,758.74	338,445.59	19,313.15	
Lubricants for train locomotives	113,293.10	111,054.53	2,238.57	
Other supplies for train locomotives	68,143.07	56,466.10	11,676.97	
Enginehouse expenses—Train	767,011.18	776,628.31		$ 9,617.13
Trainmen	4,188,120.41	3,902,753.32	285,367.09	
Train supplies and expenses	1,687,693.57	1,778,557.06		90,863.49
Signal and interlocker operations	416,371.83	415,027.68	1,344.15	
Crossing protection	251,601.26	252,362.48		761.22
Drawbridge operation	12,327.76	11,866.26	461.50	
Telegraph and telephone operation	247,291.58	239,599.32	7,692.26	
Stationery and printing	105,763.54	100,950.62	4,812.92	
Other expenses	40,644.82	106,706.80		66,061.98
Operating joint tracks and facilities—Dr.	293,108.75	295,089.80		1,981.05
Operating joint tracks and facilities—Cr.	Cr. 182,783.18	Cr. 184,246.31	1,463.13	
Insurance	13,010.17	16,561.87		3,551.70
Clearing wrecks	29,908.85	26,651.71	3,257.14	
Damage to property	76,101.82	59,477.39	16,624.43	
Damage to live stock on right-of-way	62,108.00	53,151.28	8,956.72	
Loss and damage—Freight	333,854.48	287,973.61	45,880.87	
Loss and damage—Baggage	1,270.71	290.92	979.79	
Injuries to persons	288,945.21	322,847.66		33,902.45
Total	$ 28,564,565.45	$ 27,374,245.07	$ 1,190,320.38	
Miscellaneous Operations				
Dining and buffet service	$ 564,315.63	$ 490,204.48	$ 74,111.15	
Hotels and restaurants	45,309.96	34,858.96	10,451.00	
Stockyards	106,264.75	91,438.36	14,826.39	
Producing power sold	25,643.63	24,620.20	1,023.43	
Total	$ 741,533.97	$ 641,122.00	$ 100,411.97	
General				
Salaries and expenses of general officers	$ 202,188.52	$ 209,894.59		$ 7,706.07
Salaries and expenses of clerks and attendants	1,385,149.27	1,371,251.23	$ 13,898.04	
General office supplies and expenses	78,102.11	81,495.37		3,393.26
Law expenses	220,796.38	216,244.89	4,551.49	
Insurance	947.28	146.09	801.19	
Relief department expenses	76,406.13	76,717.10		310.97

COMPARATIVE STATEMENT OF INCOME ACCOUNT FOR YEARS ENDED DECEMBER 31—Cont.

	1934	1933	Increase	Decrease
General—Cont.				
Pensions	$ 1,795,207.59*	$ 1,145,668.16	$ 649,539.43	
Stationery and printing	48,759.37	49,318.27		$ 558.90
Valuation expenses	71,495.91	60,193.43	11,302.48	
Other expenses	114,716.64	111,745.78	2,970.86	
General joint facilities—Dr.	93,995.04	69,405.21	24,589.83	
General joint facilities—Cr.	Cr. 5,529.99	Cr. 1,691.92		3,838.07
Total	$ 4,082,234.25	$ 3,390,388.20	$ 691,846.05	
Transportation for investment—Credit	Cr. $ 199,729.73	Cr. $ 197,159.95		$ 2,569.78
Total operating expenses	$58,007,982.59	$54,361,598.90	$ 3,646,383.69	
Operating Ratio	72.25%	69.25%	3.00	
Net Revenue from Railway Operations	$22,280,176.52	$24,135,376.31		$ 1,855,199.79
Railway tax accruals	$ 5,783,596.67	$ 6,918,696.77		$ 1,135,100.10
Uncollectible Railway Revenue	25,123.45	20,454.92	$ 4,668.53	
Railway operating Income	$16,471,456.40	$17,196,224.62		$ 724,768.22
Non-Operating Income				
Hire of equipment	$ 232,645.72	$ 243,208.97		$ 10,563.25
Joint facility rent income	522,541.23	497,488.72	$ 25,052.51	
Income from lease of road	7,300.76	7,362.74		61.98
Miscellaneous rent income	694,090.17	726,812.36		32,722.19
Miscellaneous non-operating physical property	13,555.45	10,941.94	2,613.51	
Dividend Income	223,176.38	509,143.49		285,967.11
Income from funded securities	266,901.26	180,176.90	86,724.36	
Income from unfunded securities and accounts	47,266.79	113,104.19		65,837.40
Miscellaneous income	1,877.30	14,287.41		12,410.11
Total Non-Operating income	$ 2,009,355.06	$ 2,302,526.72		$ 293,171.66
Gross income	$18,480,811.46	$19,498,751.34		$ 1,017,939.88

*Includes amount accrued under Federal Retirement Act.

DEDUCTIONS FROM GROSS INCOME				
Hire of equipment	$ 1,912,357.76	$ 1,619,097.05	$ 293,260.71	.....
Joint facility rents	2,663,349.23	2,826,599.95	.....	$ 163,250.72
Rent for leased roads	150,541.86	148,302.63	2,239.23	.....
Miscellaneous rents	19,329.38	27,570.45	.....	8,241.07
Miscellaneous tax accruals	8,557.90	8,049.59	508.31	.....
Interest on funded debt	9,084,635.00	9,084,635.00	.....	.....
Interest on unfunded debt	34,273.82	32,354.76	1,919.06	.....
Amortization of discount on funded debt	145,271.04	145,271.04	.....	.....
Miscellaneous income charges	7,735.30	8,847.26	.....	1,111.96
Total deductions from gross income	$ 14,026,051.29	$ 13,900,727.73	$ 125,323.56	.....
Net income	$ 4,454,760.17	$ 5,598,023.61	.....	$ 1,143,263.44
Income balance transferred to Profit and Loss	$ 4,454,760.17	$ 5,598,023.61	.....	$ 1,143,263.44

COMPARATIVE STATEMENT OF PROFIT AND LOSS FOR YEARS ENDED DECEMBER 31

DEBITS:				
Dividend appropriations of surplus	$ 5,125,161.00	$ 5,125,161.00	.....	.....
Surplus appropriated for investment in physical property	13,786.69	10,103.74	$ 3,682.95	.....
Loss on retired road and equipment	4,232,129.26	3,402,153.71	829,975.55	.....
Delayed income debits	1,894,957.59	1,935,704.86	.....	$ 40,747.27
Miscellaneous debits	415,522.27	19,901.18	395,621.09	.....
Credit balance carried to balance sheet	154,526,353.67	161,416,721.09	.....	6,890,367.42
	$166,207,910.48	$171,909,745.58	.....	$ 5,701,835.10
CREDITS:				
Credit balance at beginning of year	$161,416,721.09	$166,196,875.73	.....	$ 4,780,154.64
Credit balance transferred from income	4,454,760.17	5,598,023.61	.....	1,143,263.44
Profit on road and equipment sold	Dr. 5,764.59	4,081.74	.....	9,846.33
Delayed income credits	.....	600.00	.....	600.00
Unrefundable overcharges	4,438.19	5,650.32	.....	1,212.13
Donations	13,786.69	10,103.74	$ 3,682.95	.....
Miscellaneous credits	323,968.93	94,410.44	229,558.49	.....
	$166,207,910.48	$171,909,745.58	.....	$ 5,701,835.10

QUINCY, OMAHA & KANSAS CITY RAILROAD COMPANY

COMPARATIVE STATEMENT OF INCOME

YEARS ENDED DECEMBER 31

Percent of Ry. Oper. Revenue	1934	RAILWAY OPERATING REVENUES	1933	Percent of Ry. Oper. Revenue
82.48	$ 296,743.31	Freight	$ 309,244.74	83.58
4.36	15,690.70	Passenger	14,151.99	3.82
10.00	35,989.35	Mail	38,340.66	10.36
1.44	5,161.61	Express	3,496.75	.95
1.01	3,622.93	All other transportation	2,628.05	.71
.71	2,568.45	Incidental	2,151.48	.58
100.00	$ 359,776.35	Total railway operating revenues	$ 370,013.67	100.00
		RAILWAY OPERATING EXPENSES		
34.05	$ 122,493.52	Maintenance of way and structures	$ 143,805.57	38.86
11.31	40,703.34	Maintenance of equipment	41,961.31	11.34
1.09	3,906.92	Traffic	4,036.56	1.09
46.27	166,463.90	Transportation	165,096.49	44.62
6.24	22,469.59	General	21,132.58	5.71
Cr. .25	Cr. 885.22	Transportation for investment—Credit	Cr. 389.73	Cr. .10
98.71	$ 355,152.05	Total railway operating expenses	$ 375,642.78	101.52
1.29	$ 4,624.30	Net revenue from railway operations	Dr.$ 5,629.11	Dr.1.52
.....	$ 48,789.30	Railway tax accruals	$ 48,549.11	.....
.....	1,168.40	Uncollectible railway revenues	48.30	.....
.....	Dr.$ 45,333.40	Railway operating income	Dr.$ 54,226.52	.....
.....	Dr. 9,371.62	Hire of equipment—Net	Dr. 10,254.99	.....
.....	Dr. 16,522.98	Joint facility rents—Net	Dr. 16,218.41	.....
.....	Dr.$ 71,228.00	Net railway operating income	Dr.$ 80,699.92	.....
		OTHER NON-OPERATING INCOME		
.....	$ 6,475.67	Miscellaneous rent income	$ 7,121.59	.....
.....	145.26	Income from unfunded sec. and accts.	129.09	.....
.....	$ 6,620.93	Total other non-operating income	$ 7,250.68	.....
.....	Dr.$ 64,607.07	Gross income	Dr.$ 73,449.24	.....
		OTHER DEDUCTIONS FROM GROSS INCOME		
.....	$ 34.00	Miscellaneous rents	$ 15.75	.....
.....	Dr.$ 64,641.07	Income balance transferred to profit & loss	Dr.$ 73,464.99	.....

1934